



Minutes of the  
Board of Water and Natural Resources  
Telephone Conference Call Meeting  
523 East Capitol  
Pierre, South Dakota

August 23, 2005  
9:00 a.m. CDT

CALL TO ORDER: The meeting was called to order by Chairman Brad Johnson. A quorum of the board members participated.

BOARD MEMBERS: Brad Johnson, John Loucks, Gene Jones, Dale Kennedy, Don Bollweg, and Don Rounds.

BOARD MEMBERS ABSENT: Kelly Wheeler.

OTHERS: Leo Fisher, Tri-County Water Association, Inc., Senator Frank Kloucek, David Templeton, Jim Feeney, David Ryan, David Ruhnke, and Mark Rath, DENR.

APPROVE AGENDA: Mr. Feeney noted that he would provide an update on the 2005 SRF Bond Issue at the end of the meeting.

Mr. Loucks requested a discussion on the 319 Nonpoint Source Task Force meeting on September 8, 2005.

Motion by Kennedy, seconded by Jones, to approve the amended agenda. Motion carried.

TRI-COUNTY WATER ASSOCIATION CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM GRANT AMENDMENT REQUEST: Jim Feeney reported that Tri-County Water Association operates the regional system serving users throughout the Cheyenne River Indian Reservation. Service is provided to rural users, tribal housing, the towns of Eagle Butte, Dupree, Isabel, and Faith. The intake, raw water line, and treatment plant are owned by the Cheyenne River Sioux Tribe. The intake is located in the Cheyenne River arm of the Oahe Reservoir.

With the continuing drought conditions and continuing advance of sediment in that arm of the reservoir, the intake has been identified as having the potential of being inoperable as drought conditions continue.

In November 2004, the project was placed on the State Water Plan. In March 2005, the board awarded a \$100,000 consolidated grant to Tri-County Water Association for temporary, emergency work if water levels dropped and the intake was threatened.

The August 2005 levels were sufficient to continue to operate, however, the drought continues and there is no guarantee that the intake will remain operational next year.

Since the board's award in March 2005, the Corps of Engineers undertook an emergency reconnaissance study of the Mni Waste' intake situation and concluded that the most viable, long-term fix to the problem was to relocate the Mni Waste' intake out into the main Oahe Reservoir. Phase 1 of the project is estimated to cost between \$9,000,000 and \$10,000,000. This phase includes an upgrade of BIA Roads 19 and 8, a new access road, new electrical transmission line and substation, raw water pipeline, new pump house, and water intake. Phase 2 is estimated at up to \$6,000,000, and this phase includes the construction of a new raw water pipeline along the channel bottom running back to the existing intake. In March 2006, the Corps will reevaluate Oahe Reservoir water level projections and decide whether to proceed with Phase 2.

Mr. Feeney noted that the known cost-share commitment from the Corps of Engineers is \$8,500,000. Other funding sources include the State of South Dakota, USDA Rural Development, Indian Health Services, and the Drinking Water Tribal Set-Aside SRF Program.

The Tri-County Water Association has requested an amendment to its existing consolidated grant increasing it from \$100,000 to \$900,000.

Staff recommended approval of an additional \$800,000 in consolidated funding. Staff also recommended revising the project scope as follows:

Mni Waste' Emergency Water Intake Project

To provide a portion of the cost share required by the Corps of Engineers for the water intake project. Funds to be used to reimburse project sponsors for amounts deposited into the required Corps of Engineers construction escrow account.

Leo Fischer, Executive Director of the Tri-County Water Association requested board approval of additional consolidated funding.

Chairman Johnson requested board action.

Motion by Loucks, seconded by Bollweg, to adopt Resolution #2005-86 approving Amendment #1 to Consolidated Water Facilities Construction Program Funding Agreement #2006G-105 increasing the grant amount by \$800,000 to a new total grant amount not to exceed \$900,000, and amending the scope of the work to be financed with consolidated funding to include the reimbursement of project sponsors for amounts deposited into a construction escrow account, as required by the Corps of Engineers. A roll call vote was taken, and the motion carried unanimously.

UPDATE ON 2005 BOND ISSUE: Mr. Feeney reported that Public Financial Management (PFM) is working on the initial cash flows. The series resolution from the board's bond counsel has been reviewed and comments provided on the first draft. Staff received and is currently reviewing the draft of the preliminary official statement from the underwriters counsel. The board will take action on the series resolution at its September 22-23, 2005. The series resolution approves the bond purchase agreement, the preliminary official statement,

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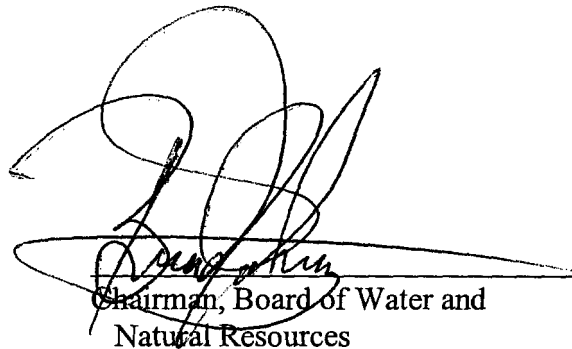
authorizes the chairman of the board to enter into investment contracts, sign the bond purchase agreement, etc. The pricing and sale of bonds will take place the week of October 3, 2005, with the bond closing and the investment agreement being finalized during the week of October 17, 2005.

NONPOINT SOURCE TASK FORCE: The Nonpoint Source Task Force will hold a meeting on September 8, 2005, at the Matthew Training Center in Pierre, to hear presentations on the status and results of several nonpoint source implementation projects, which were funded with Section 319 grants.

ADJOURN: Motion by Jones, seconded by Rounds, that the meeting be adjourned. Motion carried.

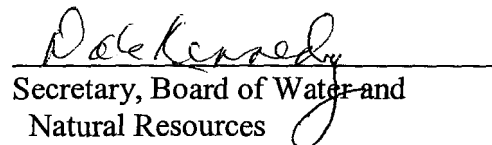
Approved this 22<sup>nd</sup> day of September, 2005

(SEAL)



Chairman, Board of Water and  
Natural Resources

ATTEST:



Secretary, Board of Water and  
Natural Resources